

## **LICENSED LENDER FREQUENTLY ASKED QUESTIONS**

- 1. Who needs to be licensed?**  
Those entities that conduct mortgage banking, correspondent mortgage banking, mortgage brokering, second mortgage lending, sales finance business and consumer loan business.
- 2. What is the difference between a mortgage banker, correspondent mortgage banker and a mortgage broker?**  
The differences between these categories of first mortgage lending **are** the functions that can be performed under the license and the amount of tangible net worth required: \$50,000 for mortgage broker; \$150,000 for correspondent mortgage banker and \$250,000 for mortgage banker. The difference in functions: the mortgage banker can perform all functions under the law, the correspondent mortgage bankers can close in their own name, but cannot retain loans longer than 90 days, the mortgage broker cannot issue a commitment or close a loan. (See N.J.S.A. 17:11C et. seq.).
- 3. What is involved in getting a license?**  
1. Completed application;  
2. Audited financial statement;  
3. Surety Bond  
4. Written examination;  
5. Physical location in New Jersey
- 4. How long does the process take?**  
It takes approximately 90 days from acceptance of the application to receipt of the wall license. This statement is based on the fact that the application is complete upon submission and the individual passes the exam the first time.
- 5. How much surety coverage is needed?**  
(a) \$100,000 if you are a mortgage banker, correspondent mortgage banker, mortgage broker or a secondary mortgage lender; (b) \$150,000 if you are either a mortgage banker, correspondent mortgage banker, mortgage broker **and** a secondary mortgage lender.
- 6. Must I have an office in New Jersey?**  
Yes, if you are an entity that conducts mortgage banking, correspondent mortgage banking, mortgage brokering, second mortgage lending and consumer loan business. Only companies that conduct sales finance business are exempt from the in-state requirement.
- 7. If I'm an out-of-state mortgage banker/broker can I do any first mortgage loans without being licensed?**  
No. If you are in the financial services business, you must be licensed prior to conducting any first mortgage business involving New Jersey property.
- 8. If the company has multiple locations, whether in state or out-of-state, must they be licensed as branch offices?**  
If these locations conduct business as defined in the Licensed Lenders Law, they must be licensed.

- 9. Who is required to take the written examination?**  
The person to be the licensed individual of record who must also be a corporate officer; member of a partnership, etc and reside within commuting distance of location to be licensed.
- 10. How do I get scheduled to take the examination?**  
Upon acceptance of a fully completed application, the person is scheduled for the next examination.
- 11. When will I be scheduled?**  
Approximately one month prior to the date of the exam you will receive a notice giving the time, place and date of the examination.
- 12. Is there a book to study?**  
(a) You will be provided a copy of the law and regulations as part of your scheduling packet; (b) you will also need to know Federal laws and practices.
- 13. Are there courses required or given for preparation for the written examination?**  
There are no **courses** required to be taken in connection with this examination. There are courses given by private individuals who are not connected in any way with the Department or the scheduling of this examination.
- 14. How much net worth or tangible net worth must be demonstrated on the audited financial statement?**  
a. Mortgage Banker - \$250,000  
b. Correspondent Mortgage Banker - \$150,000  
c. Mortgage Broker - \$50,000  
d. Secondary Mortgage Lender - \$150,000 (liquid)
- 15. What is the term of the license?**  
2 years – or from the date of issuance through June 30<sup>th</sup> of odd number years.
- 16. What is the cost of the license?**  
\$1,400 for each business authority you conduct;  
\$300 non-refundable application fee
- 17. How can I get a copy of the law?**  
The law is part of the exam packet or call (609) 292-5340 to obtain procedure and cost.
- 18. Can a residence be used as a licensed office?**  
A residence shall not be considered a suitable location unless the applicant submits acceptable proof that the office would be separate from the residential area and has a separate business entrance. A floor plan and photographs must be submitted.
- 19. Are loan officers/mortgage originators licensed?**  
The name New Jersey uses is “Mortgage Solicitor” and they must be registered with the Department.
- 20. What is the cost of the mortgage solicitor registration?**  
The registration fee is \$100.

